



Multi-brand Retailing in India: A Study of the consumer Preference of Organized or Unorganized Retail Outlets in Udaipur

KEYWORDS

FDI, Multi-Brand Retail, Organized , Unorganized Retail outlets

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ABSTRACT Retailing in India is one of the pillars of its economy and accounts for 14 to 15 percent of its GDP. The Indian retail market is estimated to be US\$ 450 billion and one of the top five retail markets in the world by economic value. India is one of the fastest growing retail markets in the world, with 1.2 billion people. Through the 1990s, India introduced widespread free market reforms, including some related to retail. Between 2000 to 2010, consumers in select Indian cities have gradually begun to experience the quality, choice, convenience and benefits of organized retail industry.

The retailing sector in India has undergone a significant transformation. Traditionally, Indian retail sector has been characterized by the presence of a large number of small unorganized retailers. However, in the past decade there has been development of organized retailing, which has encouraged large private sector players to invest in this sector. With high GDP growth, increased consumerism liberalization and globalization, India has been portrayed as an attractive destination for FDI in retailing. Retail Growth story in India is not only prodding domestic players to take their businesses to a new orbit but is also attracting foreign players as they are left with little or no hope to grow further in their structured home markets. The increasing disposable income among the Indian middle class, the burgeoning young population is touted as the main reason for such attractive optimism. To boost this growth, the Federal Government of India allowed 51% FDI in multi-brand retail in India from December 2012.

The objective of our study is to study the reasons for preference of Organized and unorganized Retail outlets by the consumers in Udaipur.

The Indian retail industry

India has been ranked as the fourth most attractive nation for retail investment among 30 emerging markets by the US-based global management consulting firm, A T Kearney, in its Global Retail Development Index (GRDI) 2011. Acc to a research report named 'Retail Sector in India' by Research and Markets, Indian retail sector accounts for 22 per cent of the country's gross domestic product (GDP) and contributes to 8 per cent of the total employment. The report further highlighted that hypermarkets (currently accounting for 14 per cent of mall space) will witness immense progress in the Indian landscape.

India's retail and logistics industry, organized and unorganized in combination, employs about 40 million Indians (3.3% of Indian population). The typical Indian retail shops are very small. Over 14 million outlets operate in the country and only 4% of them being larger than 500 sq ft (46 m²) in size. India has about 11 shop outlets for every 1000 people. Vast majority of the unorganized retail shops in India employ family members, do not have the scale to procure or transport products at high volume wholesale level, have limited to no quality control or fake-versus-authentic product screening technology and have no training on safe and hygienic storage, packaging or logistics. The unorganized retail shops source their products from a chain of middlemen who mark up the product as it moves from farmer or producer to the consumer. The unorganized retail shops typically offer no after-sales support or service.

Conceptual Framework

Retailing is defined as all activities involved in selling goods or services directly to the final consumer for their personal, non-business use via shops, market, door-to-door selling, and mail-order or over the internet where the buyer intends to consume the product.

Multi brand retailing means marketing of two or more similar and competing products, by the same firm under different and unrelated brands.

Organized Retailing in India, refers to trading activities undertaken by licensed retailers, that is, those who are registered for sales tax, income tax, etc. These include the publicly traded supermarkets, corporate-backed hypermarkets and retail chains, and also the privately owned large retail businesses.

Unorganized retailing refers to the traditional forms of low-cost retailing, for example, local kirana shops, owner-operated general stores, paan/beedi shops, convenience stores, hand cart and street vendors, etc.

Statement of the Problem and Need for Study

In developing countries like India, the unorganized retailers play a dominant role by offering products or services to the consumers at the convenient locations i.e. Kirana Stores or Apana Bazar with effective selling and buyer's retention strategies. But due to the recent changes in the field of retailing and with the entry of big domestic corporations as well as multinational and foreign companies, the existing unorganized retailers have also been forced to change their business structure. The perception and preference of consumers in respect of the organized and unorganized retailers keep on changing. Further, due to the unpredictable nature of the customers, both type of retailers face difficulty in realigning their business strategies. Because of these kinds of issues emerging in today's retail markets, this topic has become very important, which needs an in-depth probing.

Objective of the Study

The main objective of the study is to study the reasons for preference of Organized Retail or Unorganized Retail shops outlets by the consumers in Udaipur.

Data Analysis & Interpretation

A sample of 200 Consumers from different age groups, gender, locations, income levels and educational backgrounds are chosen by Convenience Sampling. Secondary data has been used from different studies, research papers, journals and websites and the primary data is collected with the help of Structured Questionnaire with suitable scaling.

Preference of the Consumers

Now let us explore the preference of consumers from the sample of 200 respondents in Udaipur

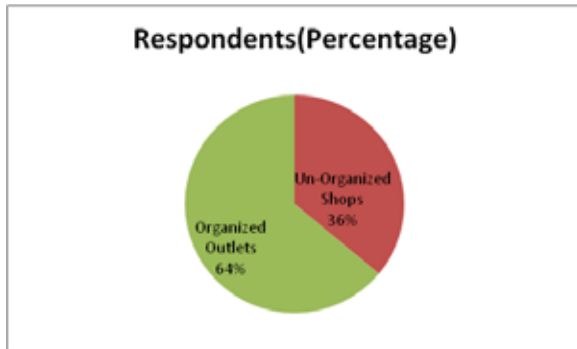
Sources of Purchase

Table 1

S. No	Source of Purchase	Respondents(Percentage)
1	Un-Organized Shops	36
2	Organized Outlets	64

(Source : Primary data)

Graph 1



Analysis : We can observe from the above Table 7 Graph 1 that 46% of the respondents purchased goods from Un-organized retail shops and 54% of the respondents purchased the same from Organized shops.

Pleasant Shopping Experience of Consumers

Table 2

Sr. No	Types	Respondents (Percentage)	Rank
1	Organised Retailers	67	1
2	Unorganised Retailers	33	2
	Total	100	

Analysis : We can observe from the above table 2 that the shoppers were getting a pleasant shopping experience at both the organized and unorganized retail shops. But the experience of shopping is high at organized retail shop (67%) and(33%) disclosed that they received the same experience at unorganized retail shops.

Factors influencing shopping in Unorganized & Organized Retail Outlets

Table :3 Factors influencing shopping in Unorganized Retailers

Sr.No	Reasons for buying	Respondents Percentage
1	Good Quality	7
2	Affordable Price	50
3	Offers	12
4	Customer Care	2
5	Attractive Schemes	5
6	Home Delivery	10
7	Discount	5

8	Credit	25
9	Convenience	12
10	Time Saving	7
11	Transportation Cost	16
12	Accessibility	13
13	Service quality	3
14	Loose packing	6
15	Variety of goods	2

N =72(%will not add to 100% due to multiple answers)

Analysis : The above table depicts the respondents' opinion for buying from the unorganized retailers.27% made purchases due to affordable prices, 22% for customer care, 13% because of good quality and 11% for offers and attractive schemes.

Table 4: Reasons for Buying from Organized Retailers

Sr. No	Reasons for buying	Respondents Percentage
1.	Good Quality	15
2.	Affordable Price	35
3.	Offers	15
4.	Customer Care	12
5.	Attractive Schemes	25
6.	Home Delivery	10
7.	Discount	10
8.	Credit	00
9.	Convenience	2
10.	Time Saving	4
11.	Transportation Cost	5
12.	Accessibility	10
13.	Service quality	20
14.	Loose packing	1
15.	Variety of goods	25

Total (N)=128 customers
%will not add to 100% due to multiple answers

Source: Primary data

Analysis : The above table shows respondents' opinion for buying from organized retailers.35% respondents preferred organized outlets due to affordable price ,25% due to attractive schemes as well as variety of goods,15% of the respondents bought items due to good quality and offers, 20% made purchases due to service quality,12% due to customer care.

Conclusion & Suggestions to bridge the service gap between the organized and un-organized retail sectors .

The liberalization of Indian economy and allowing foreign participation in retail sector is an indication of remarkable growth in retail sector. The young consumers ,urbanization of villages, increase in purchasing power, awareness of education, quality consciousness and consumer rights, increased consumption both the organized and unorganized retailers endeavor to implement various value addedservices to provide pleasant shopping experiences to consumers.

The behavior of the unorganized retail shop owners and facilities provided to the customers helps a lot in retaining the consumers.. The Retail outlets should be redesigned to facilitate the consumers. The organized retailers should emphasis on solving customers complaints and prompt service delivery.

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